

MINUTES OF REGULAR MEETING
CINCO MUNICIPAL UTILITY DISTRICT NO. 8
FORT BEND COUNTY, TEXAS

22 January 2019

THE STATE OF TEXAS §
COUNTY OF FORT BEND §

The Board of Directors (the "Board") of Cinco Municipal Utility District No. 8 (the "District") of Fort Bend County, Texas, met in regular session, open to the public, on the 22nd day of January, 2019, at the offices of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046, outside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Douglas Brewer	President
Daniel P. Coyer	Vice President
Mark Baird	Secretary/Treasurer/Investment Officer
Steven C. Haas	Assistant Secretary
Dano Lozano	Assistant Vice President and Assistant Secretary

and all of said persons were present, except Director Haas, thus constituting a quorum.

Also present were Rose Montalbano of F. Matuska, Inc., the District's Bookkeeper; Katie May and Clay Brandenburg of Inframark LLC ("Inframark"), the District's Operator; Avik Bonnerjee of B&A Municipal Tax Services, LLC ("B&A"), the District's Tax Assessor/Collector; Jack Carter, P.E. of Dannenbaum Engineering Corporation, the District's Engineer; Mike Scott of Champions Hydro-Lawn, Inc., the District's detention pond maintenance contractor; and Dick Yale, Cole Konopka, and Renae Ely, representing Coats Rose, P.C. ("Coats Rose"), the District's Attorney.

First, Director Brewer called the meeting to order, and he noted that there were no District residents in attendance who wished to address the Board during the time for public comment.

Next, the Board considered approval of the minutes of the meeting of 3 January 2019. After review, upon a motion duly made and seconded, the Board voted unanimously to approve the minutes of the meeting of 3 January 2019 as written.

Then Mr. Bonnerjee distributed and reviewed the Tax Assessor/Collector's Report, a copy of which is attached hereto as an exhibit to these minutes. He noted that the ending balance in the District's Tax Account was \$370,885.23. He reported that 56.92% of the District's 2018 tax levy and 99.56% of the District's 2017 tax levy had been collected as of 31 December 2018. Mr. Bonnerjee asked for the Board's approval of nine checks written on the District's Tax Account, including a transfer of \$50,000.00 in

revenues from the tax levy for bonded debt to the District's Debt Service Fund, a transfer of \$491,578.14 in revenues from the tax for maintenance and operations to the District's Operating Fund, and a \$191,358.51 transfer of contract tax collections to the District's Contract Tax Debt Service Fund. He also reviewed the Pledged Securities Report. He stated that the District's Tax Account was secured by pledged mortgage-backed securities that would be released by March 2019 after most of the 2018 property tax payments were received from property owners in the District and transferred to the District's Debt Service Accounts or Operating Account. A copy of the Pledged Securities Report is included in the Tax Assessor/Collector's Report.

Mr. Bonnerjee then reviewed with the Board the one outstanding Hurricane Harvey Installment account (the "Hurricane Harvey Installment") that B&A was tracking. He reminded the Board that Section 31.032 of the Texas Tax Code allows homeowners whose property was damaged in a disaster and located in a designated disaster area to pay their property taxes in four installments. Mr. Bonnerjee pointed out that 29 Hurricane Harvey Installment payment plans were initiated by customers of the District following Hurricane Harvey, and he said only one account remained unpaid. A copy of the Hurricane Harvey Installment Report is attached hereto as an exhibit to these minutes.

Finalizing the report, Mr. Bonnerjee reviewed the Delinquent Tax Roll of accounts delinquent in the payment of taxes, penalties, and interest due to the District for 2017 and prior years. After a question from Director Coyer, Mr. Bonnerjee responded that the volume of calls received from residents of the District regarding 2018 taxes, specifically those residents residing in Canterbury Park, had increased. Mr. Bonnerjee said that he would prepare a summary of 2017-2018 and 2018-2019 average tax payments by residents of the District for the Board's review and use in communicating with residents of the District. A copy of the Delinquent Tax Roll is attached hereto as an exhibit to these minutes. After discussion, upon a motion made and duly seconded, the Board voted unanimously to accept the Tax Assessor/Collector's Report and to authorize disbursement of the sums from the District's Tax Account as listed therein.

Next, Ms. Montalbano submitted the Bookkeeper's Report and the Quarterly Investment Report for the Board's consideration. She listed the balances and summarized the activity in each of the District's accounts. Ms. Montalbano called the Board's attention to the bills to the District and the checks prepared in payment thereof. She stated that one additional W.I.S.E. (Water Irrigation System Evaluation) Guys irrigation evaluation was performed in the District during the month of December 2018. She then reviewed with the Board the actual versus budgeted amounts listed on the Statement of Revenues and Expenditures for the fiscal year to date. Ms. Montalbano also reminded the Board that the Internal Revenue Service had increased the standard mileage rate to be reimbursed for business use from \$0.54 per mile to \$0.58 per mile, effective 1 January 2019.

The Board then completed the review of the District's bills and the checks prepared in payment thereof. Upon a motion duly made and seconded, the Board voted

unanimously to accept the Bookkeeper's Report as presented and to authorize payment of the bills of the District. A copy of the Bookkeeper's Report, including the Quarterly Investment Report, is attached hereto as an exhibit to these minutes.

Mr. Carter then briefly reported on the status of Fort Bend County's (the "County") acquisition of rights-of-way for the water and sanitary sewer lines to serve the Park and Ride just east of the District (the "Park-and-Ride Project" or the "Project"). Mr. Carter reminded the Board that Paulette Shelton, the Director of the County's Public Transportation Department, contacted him in September 2018 regarding the status of the Park and Ride Project and that he was told that the County would resume the Project soon. He said he has not received any additional information from any party since September 2018.

Next, Mr. Konopka reminded those present of the electronic mail communication from the U.S. Army Corps of Engineers (the "Corps") Houston Project Office Manager, Chuck Ciliske, CPT, EN, dated 7 December 2018, that was presented at the 3 January 2019 (special) Board of Directors meeting. Mr. Konopka recalled that that Mr. Ciliske confirmed receipt of the District's letter dated 27 November 2018 requesting assistance with the enforcement of the unauthorized hunting and discharging of firearms on the property located in the Barker Reservoir adjacent to Canyon Gate Section 3 in the District. Mr. Konopka explained that in addition to developing a strategy to increase the presence of the Corps, local law enforcement, and the Fort Bend County Game Warden in the area, the Corps was expected to hold a planning meeting with Fort Bend County Precinct 3 Commissioner Andy Meyer's Office. Mr. Konopka said that he would update the Board on the outcome of the planning meeting at the 26 February 2019 Board of Directors meeting.

Mr. Konopka then reminded those present that the District had been added as a plaintiff in the litigation styled In re: Upstream Addicks and Barker (Texas) Flood-Control Reservoirs Litigation (the "Hurricane Harvey Litigation"). He noted that under the Attorney and Contingent Fee Contract between the District and the Houston law firm of Vujasinovic & Beckcom PLLC ("Vujasinovic & Beckcom"), the Board agreed to provide to Vujasinovic & Beckcom categories of documents which would be collected by the District's consultants. Mr. Konopka said that the requested documentation was being provided to Vujasinovic & Beckcom in a timely manner. After a question from the Board, Mr. Konopka noted that the Hurricane Harvey Litigation was set for trial in February 2019, but that the United States government shutdown may affect the trial dates.

A discussion then ensued regarding the District's Request for Public Assistance ("RPA") that was filed with the Federal Emergency Management Agency ("FEMA") for reimbursement of the District's costs incurred in response to Hurricane Harvey that were not covered by the District's insurance policies. Ms. May presented for the Board's review an updated summary of projects in connection with the Hurricane Harvey FEMA reimbursement, a copy of which is attached as an exhibit to these minutes. Ms. May noted that Project No. 8609 (Fence Damages) in the summary was related to

9,000 linear feet of the District's fencing located in the Canyon Gate Homeowners Association that had been damaged as a result of Hurricane Harvey. Ms. May explained that a claim would be filed with the District's insurance carrier for the damaged fencing. Director Brewer said that he would provide the exact linear measurement of the fencing to Ms. May.

Ms. May then noted that the final cost of Project No. 34705 (Storm Sewer Cleaning) totaled \$155,812.60 and was eligible for 90% reimbursement from FEMA under the RPA filed on behalf of the District. She also pointed out that the RPA for Project No. 34704 (Sanitary Sewer Cleaning) filed with FEMA in the amount of \$506,889.13 had recently been obligated by FEMA and that funds were expected to be deposited into the District's account for reimbursement of costs associated with sanitary sewer cleaning following Hurricane Harvey. She asked Ms. Montalbano to notify Inframark if any funds were received from FEMA under the RPA filed on behalf of the District.

Then the Board briefly reviewed the Security Report for December 2018 from the Fort Bend County Precinct 3 Constable's Office (the "Constable's Office"). A copy of the Security Report is attached hereto as an exhibit to these minutes.

Ms. Ely then presented a report on the traffic on the District's website, a copy of which is attached hereto as an exhibit to these minutes. Director Brewer reminded those present that the holiday schedule for solid waste collection provided by Best Trash, LLC ("Best Trash"), the District's solid waste collection provider, had been posted on the District's website. Director Brewer also noted that there had been no recent complaints in the District regarding services provided by Best Trash.

Next, Mr. Scott submitted the Detention and Drainage Facilities Report (the "Detention Report") for the Board's review, a copy of which is attached hereto as an exhibit to these minutes. He reviewed the Detention Report in detail with the Board and pointed out various photographs of interest. Mr. Scott said that the sinkhole located near the detention pond area of the Station 2 Community Volunteer Fire Department appeared to be stabilized.

Then Ms. Ely briefly reviewed the North Fort Bend Water Authority's (the "Water Authority") 2019 Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases, a copy of which is attached as an exhibit to the minutes. Ms. Ely noted that effective 1 January 2019, the pumpage fee increased to \$3.65 per 1,000 gallons of groundwater pumped and the surface water fee increased to \$4.00 per 1,000 gallons of water delivered by the Water Authority.

Director Brewer then discussed the District's participation in the Environmental Protection Agency's ("EPA") WaterSense® program and the District's promotion of the EPA's "Fix a Leak Week" in March 2019. He said that he had recently researched EPA water conservation brochure materials that could be included in the monthly billing for water and sanitary sewer services to residents of the District by Inframark. Director

Brewer estimated that the cost of printing of five different EPA brochures for mailing to District residents would range between \$500.00 and \$700.00. He said that he was also working on an article to be posted on the District's website which would promote water conservation in the District and the EPA "Fix a Leak Week" program. After discussion, upon a motion duly made and seconded, the Board voted unanimously to authorize Director Brewer to obtain and print brochures promoting the EPA "Fix a Leak Week" at a cost not to exceed \$700.00.

The Board then discussed documents required for the District's Association of Water Board Directors ("AWBD") 2018 Water Smart Application for the period of 1 January 2018 through 31 December 2018. Director Brewer stated that he was collecting all documentation for the application and planned to present it for the Board's review at the 26 February 2019 Board of Directors meeting. Directors Lozano and Coyer also noted that they planned to attend the AWBD mid-winter conference in Austin which was scheduled to be held 25 January through 26 January 2019.

Next, Ms. May presented the Operator's Report for December 2018, a copy of which is attached hereto as an exhibit to these minutes. Ms. May detailed various repairs and maintenance activities performed in the District during December 2018, including lift station, water line, sewer facility, and detention pond maintenance. She reported that Cinco Municipal Utility District No. 1's service area water accountability (ratio of billed-to-pumped water) was 98%.

Continuing her report, Ms. May reviewed with the Board the Delinquent List of accounts delinquent in the payment of invoices from the District for water and sanitary sewer services and the Collection Accounts Listing, copies of which are included with the Operator's Report. She assured the Board that the customers on the list had been provided with all of the notifications required pursuant to the District's Consolidated Rate Order. Ms. May then explained that Inframark had been contacted by a few residents of the District requesting a waiver of fees and penalties for non-payment of water and sanitary sewer services due to the recent government shutdown. Ms. May explained that the residents stated that they were employees of the federal government and because of the government shutdown, they did not have the financial means to pay for water and sanitary sewer services. Ms. May asked for the Board's authorization for termination of services to the 39 accounts, excluding those accounts held by government employees. The Board suggested that Inframark carefully review all requests of government employees prior to waiving any fees and penalties for late or non-payment of water and sanitary sewer services from the District.

Ms. May then reminded those present of the Board's request for an estimate of costs to add tags to resident doors during the March 2019 EPA "Fix a Leak Week" program reminding customers about residential water meter usage data that is available through the Inframark website, including early leak detection. She then presented examples of brochures and a quote for 3,000 hangers totaling \$386.98 from "3000DoorHangers.com," a copy of which is attached to the Operator's Report.

Ms. May suggested that Inframark distribute approximately 1,000 door hangers each quarter for three quarters during 2019.

Then Ms. May explained that Inframark had recently performed a fire hydrant survey in the District and discovered that 45 of the District's 100 fire hydrants needed to have valve cleanouts performed. She noted that the cost of the valve cleanout would be \$125.00 per hydrant, totaling \$5,625.00. Ms. May also noted that approximately eight fire hydrants required re-threading of the base cap. She said that the cost for the re-threading the base cape was \$65.00 per hydrant, totaling \$520.00.

The Board noted that there were no customers of the District present to protest their billings. After further review and discussion, upon a motion duly made and seconded, the Board voted unanimously to: (1) accept the Operations Report; (2) authorize termination of the accounts that remain unpaid on the deadline date; (3) authorize Inframark to purchase door hangers in an amount not to exceed \$400.00; and (4) proceed with repairs to the District's fire hydrants as outlined above.

The Board then discussed matters relating to the 4 May 2019 Directors Election required for the District. Mr. Yale remarked that Directors Brewer, Baird, and Lozano have terms of office that would expire in 2019. Mr. Yale submitted to and reviewed with the Board a memorandum prepared by the District's Attorney regarding the key dates for the Directors Election, a copy of which is attached hereto as an exhibit to these minutes.

Ms. Ely then stated that Fort Bend County (the "County") was offering Joint Election Agreements and Contracts for Election Services for the upcoming Election. She explained that with a joint election, the County would essentially be conducting the Directors Election for the District. Ms. Ely further explained that when a registered voter of the District went to vote in the joint election, the ballot would be coded to recognize that the voter was allowed to vote in the Directors Election and the District's ballot would automatically show on the screen of the electronic voting equipment. She stated that if the District conducted the Directors Election, an election judge would need to be appointed by the Board. Discussion ensued regarding the merits of holding the Directors Election with the County or obtaining election officials and holding the Directors Election within the District. After further discussion, upon a motion duly made and seconded, the Board voted unanimously to enter into a Joint Election Agreement and Contract for Election Services for the 4 May 2019 Directors Election with Fort Bend County. Ms. Ely said that she expected that the proposed agreement would be received from the County and presented to the Board for execution at the 26 February 2019 Board of Director's meeting.

Lastly, Mr. Yale reviewed the proposed ORDER CALLING DIRECTORS ELECTION. He noted that the order had been prepared with blanks but would be completed in the event of someone other than the incumbents filing for a position on the ballot for the 4 May 2019 Directors Election. After review, upon a motion duly made and seconded, the Board voted unanimously to adopt the order as submitted and subject to

completion, a copy of which is attached to and shall be considered to be part of these minutes.

There being no further business to come before the Board, upon a motion duly made and seconded, the Board voted unanimously to adjourn.

Secretary, Board of Directors

(SEAL)



Cinco Municipal Utility District No. 8
Regular Meeting of 22 January 2019
Attachments

1. Tax Assessor/Collector's Report
2. Hurricane Harvey Installment Report
3. Delinquent Tax Roll
4. Bookkeeper's Report and Quarterly Investment Report
5. Summary of Hurricane Harvey Projects prepared by Inframark LLC
6. Security Report from Fort Bend County Precinct 3 Constable's Office
7. Off Cinco's Website Traffic Report
8. Detention and Drainage Facilities Report
9. Notice of Proposed Groundwater Pumpage Fee and Surface Water Fee Increases Memorandum from the North Fort Bend Water Authority
10. Operator's Report
11. Coats Rose Memorandum regarding key dates for the 2019 Directors Election
12. Order Calling Directors Election